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H - 3216

International Court of Justice

H3216 - 0002

OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

EVIDENCE DIVISION

Date : 22 July 1948

I certify that Document Number EC-450 was introduced into evidence as Exhibit Number USA-619 in the Trial by the International Military Tribunal of Hermann GOERING, et al, which commenced on 20 November 1945, and that the attached photostat is a true and correct copy of the original.

Fred Niberg

Fred NIEBERGALL
Chief, Document
Control Branch.

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C E R T I F I C A T E

I hereby certify that the annexed document EC-450 No. USA-629 is a photostat of an original document submitted in evidence by the United States Prosecution under this number. The original document has been withdrawn in accordance with Rule 10 of the International Military Tribunal, and to the best of my knowledge and belief is to be held at the National Archives, Washington D.C. .

Nuremberg, 6 July 1948

Paul Joosten

PAUL A. JOOSTEN

General Secretary
International Military
Tribunal

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STATE OF NEW YORK,)
) SS.:
COUNTY OF NEW YORK,)

S. R. FULLER, JR., being first duly sworn according to law, deposes and says:

1. This affidavit has been prepared and executed at the written request of Lt. Col. John W. Griggs, Officer in Charge, Office of U. S. Chief of Counsel for Prosecution of Axis Criminality, Room 4E-869, The Pentagon, Washington, D.C. The letter of request from Lt. Col. Griggs, dated October 8, 1945, reads as follows:

> "In accordance with the conversation of 6 October 1945 between you and Captain Conkling of this office, there is inclosed a photostatic copy of 'Enclosure B' of your memorandum to President Roosevelt, dated 11 October 1935.
>
> "It is requested that you attach a signed affidavit to the inclosed photostat to the effect that it is a true account of your conversation with Dr. Hjalmar Schacht on 23 September 1935 and return the affidavit and photostat to this office."

2. The attached photostat, marked "Enclosure B", referred to in Lt. Col. Griggs' letter of October 8, 1945, above quoted, is a true copy, except for marginal numerals and the word "Hitler" on page 6 margin, of a memorandum of conversation between Dr. Hjalmar Schacht and me, which took place 23 September 1935 in Berlin.

3. The original memorandum was sent as "Enclosure B" with a confidential report from me to President Roosevelt, dated 11 October 1935. As I advised the President in this report, the transcription of the conversation recorded in "Enclosure B" is not word for word accurate; but it was made from longhand notes written by me immediately after the

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conversation, and is substantially word for word accurate, and is exactly accurate as to meaning.

S. R. Auller, Jr.

SUBSCRIBED AND SWORN TO BEFORE ME THIS 18th DAY OF OCTOBER, 1945.

Alfred M. Reed
Notary Public.

ALFRED M. REED
Notary Public, Westchester County
Certificate filed in
N. Y. Co. Clk's No. 850, Reg. No. 533-R-8
Commission Expires March 30, 1946

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Enclosure B
Ex 450

Memorandum of conversation between Dr. Hjalmar Schacht, Minister of Economics and President of the Reichsbank of Germany, and S. R. Fuller, Jr., 23 September, 1935, 2:30 p.m. to 3:30 p.m. at the American Embassy, Berlin.

The conversation took place in a library of the U. S. Embassy after a luncheon given for us by Ambassador Dodd at which were present, among others: the Danish Minister; a representative of the German Foreign Office; First Secretary of the U. S. Embassy and Mrs. Flack; Ambassador and Mrs. Dodd; Mr. Geist, acting U. S. Consul General in Berlin; Mrs. Fuller; Dr. and Mrs. Schacht.

Before luncheon Mr. Dodd told Dr. Schacht privately, but in my presence, that the President desired that I speak to Dr. Schacht. It was thereupon arranged that immediately after luncheon Dr. Schacht and I would retire to one of the Embassy rooms alone. After luncheon we did so.

F. "The President is desirous of knowing whither Europe, and especially Germany, is heading. What is her end? It is recognized, of course, that you can speak frankly, or you need not; and I can do the same. However, our world is in chaos; and somebody must use sense."

S. "Somebody must, Mr. Fuller."

F. "Else we shall all kill each other or be killed by others."

S. "Yes, it is true. I hope we may speak frankly. I will. And I would like you to understand that in so doing we can keep to ourselves such part of our conversation as we may agree upon."

F. "We can discuss that before we part to what I am sure will be an understanding."

S. "Speaking of Germany, what is it you wish to know of her ends? Do you mean her political, her economic, or her moral ends?"

F. "Are not the economic and political ends interwoven?"

S. "Yes--of course, they are. Let me give you first the Germans present background then. The defeat of Germany at the end of the war left our people with their morale broken. The chaos of the war was political, economic, and moral. This man (meaning Hitler) set about first to raise the moral standard of the nation. That is why I think him a great man; he has raised the moral standard of his people.

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S. "I am a great admirer of Mr. Roosevelt. In many respects your problems and Germany's are the same. In both countries, unhappiness of the poor has occurred; their unrest has been obvious. In both countries, laws have been enacted to help the poor.

"But to get back to Germany, we do not want a socialistic state where all impulses of development come from the government and individual initiative is non-existent or stifled. That is not Hitler's idea at all. Nor do we want a free and unrestrained permission given to every man to get all he can regardless of to what extent the state or other individuals may be hurt by his so doing. In the days before machinery, the great land owners might have exploited the people with some reasonable safety and justice -- I am not sure. But today it has been demonstrated that this cannot be done. Hitler has put justice to all before the people as the first duty of the state and of the German citizen. He wants the individual effort of the citizen to be the impulses of the state, but with laws for the guidance and safety of all so that none will be hurt by these individual efforts. He is accomplishing this. He has reached his present position through the free votes of the people in the most democratic way. He does not want to be a dictator through force of arms.

"Because of the international character of Jews and Roman Catholics, the Jews and Roman Catholics have been a domestic problem throughout history in many states, as you of course know. This is sometimes not appreciated or is forgotten by countries where these problems are not for the moment immediate. In Germany they have been very great."

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F. "But Germany's treatment of the Jews is resented greatly by many countries; especially is there resentment in the United States. How many have you in Germany, 500,000?"

S. "Yes."

F. "Have you not, therefore, by your treatment of them made 500,000 martyrs?"

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S. "I never was in favor of our treatment of the Jews, but the new laws announced at Nuremberg give protection to the Jews. They are now guaranteed the same rights as any other minority within Germany, such as Poland, for example."

F. "But they are denied the rights of citizenship."

S. "Yes."

F. "And their positions by these laws is an inferior one to the Germans?"

S. "Yes, that must always be. I called Mr. Warburg in to see me the other day and explained to him the protection Germany now guarantees to Jews: they can engage in their businesses from now on, and they can go about their business and will have proper governmental protection. I told Mr. Warburg to have his people stop making a noise and accept this protection."

F. "But if he can't stop them from making a noise and the Jewish people do not accept the inferior position given them in Germany with equanimity, what then?"

S. (Dr. Schacht made a wry face and shrugged his shoulders) "I don't know what may happen then."

F. "These restrictive laws refusing citizenship apply to the 100% Jews. What about the 50% and 25% Jews?"

S. "They will be gradually eliminated because of the law against intermarriage with gentiles or extra marital relations with gentiles."

F. "Your economic situation appears to me to have some serious aspects to it."

S. "Undoubtedly. But we have reduced unemployment by government work, I'll admit. We have been and are employing many in the manufacture of munitions."

F. "You can't continue making munitions indefinitely unless they are consumed."

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S. "That is true."

F. "Food prices are high and rising in Germany."

S. "That is true. Of course, we have internal problems because we can't get sufficient raw materials. We haven't foreign exchange; therefore, Mr. Fuller, we must create a German world of the mark wherein we can produce our necessary raw materials; we cannot be so dependent upon others as we are now for our necessary raw materials. We must create a German world of the mark wherein the mark will purchase them and wherein our excess population can find satisfactory work. We intend to do this. We must have colonies."

F. "Can you get them through negotiation?"

S. "We have already had preliminary talks with Great Britain and France, but no formal negotiations as yet."

F. "When you have produced all the munitions you require, what will become of those thrown out of employment thereby?"

S. "Our colonies."

F. "You mean you will send them to the colonies?"

S. "Yes."

F. "But suppose you cannot get such territory through negotiation?"

862.014 S. "Colonies are necessary to Germany. We shall get them through negotiation if possible; but if not, we shall take them."

F. "You mentioned a little while ago that your necessary raw materials could not be obtained through German lack of foreign exchange. Would stabilization help you?"

S. (Dr. Schacht's face lighted up) "Ah, stabilization! Of course, it would. I am in favor of stabilization. Germany wants it greatly, but England opposes it. She won't have it."

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F. "Why does England oppose stabilization?"

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S. "To squeeze Americans for one thing; to give England cheaper money for another. I believe all others want stabilization. You want it. Forgive me for advising you, but I would suggest, if the United States wants stabilization, that they let Leon Frazier and Jimmy Perkins, or Leon Frazier and anyone else, go to the Bank of England and start negotiations. Leon Frazier has the confidence of Germany, France, and England."

F. "You mean the confidence of the financial people."

S. "Exactly. You don't mind my giving you this advice?"

F. "Not at all. Say anything you wish."

S. "Leon Frazier has the confidence of all in Europe. That is a great deal to say of one man; and he is most effective."

F. "You think that stabilization could be accomplished easier than if negotiations were started with the Bank of England than with the English Government?"

S. "Yes. The English Government will follow the lead of the Bank of England. If an attempt is made to get stabilization, I assure you Germany will do her cooperative part. Germany wants to pay her debts; she will pay them as soon as a stabilized exchange is reached."

F. "Can stabilization really be negotiated now with the European situation as it is: I mean with the Italian-Abyssinian dispute in the state that it is in?"

S. "Perhaps not concluded, but negotiations can be begun. Get Leon Frazier and any other good man."

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F. "Can you hold the German mark where it is?"

S. "Yes: because we control our exchanges."

F. "Can you hold the mark regardless of what the other gold countries may do, even if Holland and/or France go off the gold standard?"

S. "Yes."

F. "For how long?"

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S. "Indefinitely."

F. "By that you mean until you have worked out your present domestic problems, both agricultural and industrial?"

S. "Yes, until we have completed a German world of the mark where our raw material necessities can be produced and our excess workmen can be employed: a German world of the mark."

F. "Some foreigners feel that you are in danger of falling from power. They note the battle between Goebels and Streicher on the one hand, and you and the army on the other."

S. "The army is the Leader's."

F. "Yes, I understand; but ——"

S. "I will not fall. To maintain oneself in power, one always must be conservative."

F. "And you are conservative?"

S. "I am conservative, and the army is always conservative."

F. "Where will Hitler stand? Will he stand with the army?"

S. "Without a doubt."

F. "Will the army be with him?"

S. "Without a doubt. (Dr. Schacht spoke very forcefully and earnestly) Hitler is necessary to the German people. The German people are 98% for Hitler. They may disagree as to the regime which surrounds him, but they want and need Hitler."

862.002 Hitler

F. "To repeat, does the army really want him?"

S. "Without a doubt. Hitler is a necessity to them and to Germany."

F. "Is Hitler turning toward the conservative side?"

S. "Without a doubt. A statesman must be conservative to stay in power."

F. "Nuremberg (meaning the annual meeting of the Nazi Party in Nuremberg, just completed) looked like a turn to the left."

S. "Oh, No—! (spoken tragically)

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F. "But what about the radical speeches at Nuremberg spoken by Hitler?"

S. "In front of 500,000 people one must always talk radically; must always give the mass something new. One cannot say to a mass: 'Be quiet; be careful; save money, and all will be right.' Have no fear of Hitler. He knows well how to play that piano."

F. "What of this conversation do you wish me to tell the President?"

S. "Everything. You can tell the President everything I have said."

F. "Is there any other message you wish me to give to the President?"

S. "Yes." (enthusiastically) "I want that treaty renewed with the most favored nation clause in it."

F. "But I understood that you did not want the most favored nation clause in it."

S. "Didn't I? Perhaps I didn't, though I seem to remember something of the kind. I will look it up and write you a note. Where will you be tomorrow?"

F. "I am leaving for London tonight."

S. "Will you give me your address?"

F. "The Langham Hotel, London."

S. "I want that treaty very much, Mr. Fuller, please tell your President that I want it very much. It expires October 15th. It will not do for us to be without a treaty if it can possibly be avoided. I have sent two men to America now to see if our two countries cannot trade together. If their preliminary reports to me show a chance for our two peoples to really do something together, I, myself, will gladly go to America if it is necessary."

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